

## Message Text

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PAGE 01 STATE 070023  
ORIGIN IO-13

INFO OCT-01 CIAE-00 CU-04 INR-07 NSAE-00 USIA-15 EUR-12  
ISO-00 /052 R

DRAFTED BY IO/UNESCO:WPOBRIEN:LL  
APPROVED BY IO/UNESCO:RCHEATER  
IO/IBC/BA:FMCCORMICK  
-----311107Z 055811 /22

R 300025Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS

UNCLAS STATE 070023

NESCO

E.O. 11652: N/A

TAGS: OCON, AORG, UNESCO

SUBJECT:74TH SESSION HEADQUARTERS COMMITTEE, APRIL 1-4,  
1977 (74 HQ/2): U.S. POSITION

REF: PARIS 8257

1. PROBLEM. TO ENSURE THE SOUND FINANCING AND MANAGEMENT  
OF THE CONSTRUCTION OF THE SIXTH BUILDING.

2. POSITION

(A) USDEL SHOULD QUERY THE DG'S REPRESENTATIVE ON WHAT

STEPS HAVE BEEN TAKEN, OR WILL BE TAKEN, SUCH AS INCOR-  
PORATING PERFORMANCE OR DEFAULT BONDS IN CONTRACTS, IN  
ORDER TO PROTECT THE ORGANIZATION FROM NONPERFORMANCE BY  
CONTRACTORS.

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(B) USDEL SHOULD RECOMMEND THAT SUCH BONDS BE INCLUDED IN  
THOSE CONTRACTUAL ARRANGEMENTS WHERE THEY DO NOT NOW  
EXIST.

(C) USDEL MAY ABSTAIN ON THE VOTE ON THE TEN PERCENT  
COST-OVERRUN PROVISION PROVIDED THAT THE DG TAKES STEPS TO

PROTECT THE ORGANIZATION FROM FURTHER COSTLY DEFAULTS;  
OTHERWISE THE USDEL SHOULD VOTE AGAINST.

(D) USDEL MAY NOTE SECTIONS IV, V, AND VI OF THE REPORT  
WITH COMMENT.

(E) USDEL MAY SUPPORT AMBASSADOR AGBLEMAGNON AS COM-  
MITTEE CHAIRMAN.

3. DISCUSSION. THE U.S. HAS ALREADY ADDRESSED ITSELF TO  
SEVERAL OF THE MATTERS RAISED IN THIS REPORT AT THE 19TH  
GC AND ITS POSITION IS WELL-KNOWN. THEREFORE, IT IS NOT  
NECESSARY TO COMMENT. HOWEVER, WE, AND PRESUMABLY OTHER  
DELEGATIONS, DID NOT RAISE THE ISSUE OF PERFORMANCE BONDS.  
SUCH BONDS ARE ESSENTIAL IN ANY LARGE UNDERTAKING LIKE  
BUILDING CONSTRUCTION IN ORDER TO INSURE AGAINST SUCH  
DEFAULTS AS HAVE ALREADY OCCURRED. SINCE IT IS LIKELY  
THAT UNESCO WILL NOT BE ABLE TO COLLECT FROM THE DEFAULT-  
ING COMPANIES, NOT TO SPEAK OF BEING REIMBURSED FOR THE  
ADDITIONAL FINANCIAL COSTS ENTAILED BECAUSE OF THEIR  
DEFAULT, IT IS ALL THE MORE IMPORTANT THAT THE DG BE  
REQUIRED TO TAKE STEPS TO INSURE THAT ALL PRESENT AND  
FUTURE CONTRACTORS BE BONDED TO PROTECT MEMBER STATES FROM  
POSSIBLE ADDITIONAL FINANCIAL BURDEN BECAUSE OF NON-  
PERFORMANCE.  
CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**TAGS:** OCON, AORG, UNESCO  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009